

Sustainable Growth for Green Indonesia



SUPPLY CHAIN [GRI 2-6][OJK B.1]

Involvement and support from all the company's stakeholders is one of the key factors in achieving success and sustainability. One of them is support from suppliers who ensure the availability of resources, goods, and services to support activities, specifically in providing the company's daily operations, including providing information technology, office stationery, furniture, souvenirs, consulting services, etc.

The company's procurement of goods and/or services is carried out in an integrated manner using an electronic system (e-Procurement). The use of this system is part of the company's efforts to reduce GHG emissions by saving paper in daily operations.

The company always supports local and national economy through Special Policy Guidelines for the Implementation of Procurement of Goods and/or Services KK.9-H dated 30 June 2022 realized by implementing the principle of using domestic production while still complying with the provisions of the prevailing laws and regulations. The company collaborates with local suppliers, which are suppliers who are geographically domiciled in the country. If the needs for goods and services cannot be met by local suppliers, or for certain reasons/considerations, the company will collaborate with overseas/foreign suppliers, which are geographically domiciled outside Indonesia.

The company's commitment to prioritizing local suppliers is based on the Circular of Minister of SOE No. SE-10/MBU/08/2020 dated 26 August 2020 on Promoting the Role of Micro, Small and Medium Enterprises in Procurement of Goods and Services in State-Owned Enterprises. This commitment is also in line with the Regulation of the Minister of State-Owned Enterprises of the Republic of Indonesia Number PER-08/MBU/12/2019 on General Guidelines for Implementing the Procurement of Goods and Services for State-Owned Enterprises. Meanwhile, in managing outsourcing, the company complies with Regulation of Bank Indonesia Regulation No. 13/25/2011 Dated 9 December 2011 regarding Transfer of Part of the Work to Other Parties, without outsourcing core activities to other parties. [GRI 3-3]

The number of procurements of goods and/or services carried out by the company in 2023 was 847 procurements with a total of 452 suppliers of goods and services recorded. The number of suppliers increased compared to that in 2022 at 314 suppliers. Of the total 452 suppliers registered as the company's supplier partners, 100% are Indonesia's local suppliers. The company has not carried out a social impact assessment in the supply chain. [GRI 204-1, 414-2]

The percentage of transaction value for the procurement of goods and services from the company's suppliers is as follows: [GRI 204-1]

Segment	2023	2022	2021
Local Supplier	100%	100%	100%
Overseas Supplier	0%	0%	0%
Total	100%	100%	100%

The amount of expenditure directed to local suppliers as well as the company's total expenditure in the last 3 years are as follows:

Expenditure (Rp Billion)	
2023	2022
1,864	1,160

To support sustainable procurement of goods and/or services and consider the ESG aspects, the company has implemented several requirements as follows: [GRI 414-1][FSS5]

1. Protecting the environment, both inside and outside the work location and limit damage and influence/disruption to the community and its property as a result of pollution, noise and other damage;
2. Documents on Environmental Management Scheme and Environmental Monitoring Scheme;
3. Environmental Impact Analysis (EIA);
4. Study/document regarding quality/good criteria for environmental damage;
5. Environmental permit documents;
6. Water disposal study document;
7. Document stating they have implemented an Occupational Health and Safety (OHS) Management System that is integrated with the company's management system or have OHS management system certification; and
8. Document stating they have implemented protection for child and female workers; and
9. Providing insurance to employees who have high risks.

To improve suppliers' capabilities, the company carries out regular monitoring and evaluation that includes the following aspects:

1. Quality
2. Delivery
3. Responsiveness
4. Flexibility
5. Price

The company consistently initiates the dissemination of environmental, social, and governance performance improvements throughout its supply chain. During the reporting period, the company engaged with suppliers in the "Synergy & Collaboration" event. The topics discussed included Digital Market for Small and Medium Enterprises Digital Market (PaDi UMKM), increasing the use of domestic products (P3DN), and anti-corruption measures.

SIGNIFICANT CHANGES [GRI 2-6][OJK C.6]

During the reporting year, there was a change in the composition of shareholders, with domestic public ownership increasing to 30.35% and foreign public ownership to 9.65%. Additionally, there was an increase in the number of suppliers in the company's supply chain. However, there were no significant changes regarding supplier locations and supply chain structures in 2023.

External Initiatives

The company actively participated in external initiatives as a form of implementing sustainable finance and responding to climate change. The company follows various guidelines developed by external parties that apply nationally and internationally. Apart from that, the company has also prepared a Sustainable Financial Action Plan (SFAP) in accordance with Regulation of the Financial Service Authority No. 51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers and Public Companies. [TCFD Risk.b]

Association Membership [GRI 2-28][OJK C.5]

The company joins various associations/associations in the banking industry, including its status as a SOE. Organizations or associations are important for the company to share issues and policies related to the banking industry, including the impact and opportunities for banking industry for short, medium and long term goals. In 2023, the company joined the following associations/associations:

Association Name	Position in the Association
Association of State-Owned Banks (Himpunan Bank-Bank Milik Negara/Himbara)	Member
Association of Indonesian Bankers (Ikatan Bankir Indonesia/IBI)	Secretary General
World Saving Bank Institution (WSBI)	Member
Association of National Commercial Banks (Perhimpunan Bank-Bank Umum Nasional/Perbanas)	Deputy General Chairperson 1
Public Relations Forum for State-Owned Enterprises (Forum Humas BUMN)	Member
Association of Indonesian Issuers (Asosiasi Emiten Indonesia)	Member
External Loss Data Consortium (Konsorsium Data Kerugian Eksternal/KDKE)	Member
Certified Wealth Manager's Association (CWMA)	Member
Indonesian Payment Systems Association (Asosiasi Sistem Pembayaran Indonesia/ASPI)	Member
Associate Cambiste Internationale (ACI) Indonesia (Forexindo)	Member
Banking Compliance Director Communication Forum (Forum Komunikasi Direktur Kepatuhan Perbankan/FKDKP)	Member
Indonesian Banking Dispute Resolution Alternative Institute (Lembaga Alternatif Penyelesaian Sengketa Perbankan Indonesia/LAPSPI)	Member
Association of Bank Internal Auditor (Ikatan Auditor Intern Bank)	Member
Indonesian Internal Audit Association (Perhimpunan Audit Internal Indonesia)	Member
The Institute of Internal Auditor (IIA)-Indonesia Chapter	Member
Task Force on Climate Related Financial Disclosures	Member
United Nation Environment Programme Finance Initiative (UNEP FI)	Member
Initiatives for Sustainable Finance in Indonesia (IKBI)	Member